

Public School Finance

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Introduction: Continuing Challenges In Education Funding

Providing quality public education has become an increasingly pressing national concern in recent years. Declining test scores, rising levels of functional illiteracy, and the need to prepare skilled workers for a global economy have combined to place education funding as a primary concern among state legislatures. Between 1960 and 1987, state and local spending for elementary and secondary education mushroomed, increasing in "real dollars" at four percent annually, a rate twice that of the Gross National Product.¹ Despite the spiraling costs of health care, corrections, and other government programs, funding for elementary and secondary education remains a top priority in most state budgets. This emphasis is likely to continue as federal support dollars decrease and enrollment projections rise.²

Consistent with national trends, Virginia's funding for public education has also increased dramatically since 1960. Average per pupil expenditures, just \$1,056 in 1960, more than tripled by 1987, reaching \$3,846.³ Further evidencing the Commonwealth's commitment to fiscal responsibility for elementary and secondary education are the plethora of legislative and agency studies conducted in the last two decades, examining issues as diverse and as complex as instructional costs, local budget procedures, and state funding mechanisms.⁴ Citing a quality public school system as "a wise investment in Virginia's future," the Governor's Commission on Excellence in Education recognized in 1986 that while increased spending alone cannot ensure educational quality, more state and local funds would be required to improve the public schools.⁵

¹ U.S. Advisory Commission on Intergovernmental Relations, *The Structure of State Aid to Elementary and Secondary Education* at 1, iv (December 1990) [hereinafter referred to as Structure].

² Steven D. Gold, "School Enrollment Will Rise in the 1990s, But How Much?" *State Legislatures* 49, 50 (July 1992) [hereinafter referred to as Gold].

³ *Structure*, *supra* note 1, at 6, 7.

⁴ Report of the Instructional Costs Commission to the Governor and the General Assembly of Virginia (1972) [hereinafter referred to as Instructional Costs]; Report of the School Budget Study Commission, *House Document No. 11* (1974); Report of the Commission Created to Study the Formula for State Aid to Public Schools, *House Document No. 20* (1970) [hereinafter referred to as *House Document No. 20*]; Report of the Joint Legislative Audit and Review Commission on Funding the Standards of Quality Part 1: Assessing SOQ Costs, *Senate Document No. 20* (1986) [hereinafter referred to as *JLARC I*]; Report of the Joint Legislative Audit and Review Commission on Funding the Standards of Quality Part 1: Assessing SOQ Costs, *Senate Document No. 25* (1988) [hereinafter referred to as *JLARC II*].

⁵ The Report of the Governor's Commission on Excellence in Education, *Excellence in Education: A Plan for Virginia's Future* at 19, 20 (October 1986).

Virginia, like its sister states, may face significant challenges in funding public education in the coming decade. Some experts predict the Commonwealth will experience a 32 percent increase in elementary and secondary school enrollments by the year 2000, placing Virginia among the top five states in expected enrollment growth.⁶ A continued national economic downturn, coupled with the demands placed on the state budget by the rising costs of Medicaid and other state aid initiatives, may exacerbate the fiscal challenges facing the Commonwealth's public school system.

Supporting Public Education: A Constitutional Commitment

Although the state's ultimate responsibility for public education was recognized in Jefferson's day, specific authority to finance public schools did not become a fundamental part of Virginia law until nearly a century later. Prior to the Civil War, public education initiatives were addressed primarily through legislation focusing on local initiative for public schools. Thomas Jefferson had introduced a "Bill for the More General Diffusion of Knowledge" in 1779, which would have required the local election of aldermen to establish school districts and provided for three years' education to "all free children." Although the measure failed, a similar bill, leaving public education solely to local initiative, was passed in 1796. The Constitution of 1830 provided for a capitation tax, a portion of which might be applied to public schools, while the 1870 Constitution required the Superintendent of Public Instruction to develop a plan for a "uniform system of public schools." It was not until 1902 that the General Assembly was constitutionally directed to "establish and maintain an efficient system of public free schools." The legislature's responsibility for public education was revisited and strengthened in 1971, prompted perhaps in part by judicial responses to desegregation efforts and massive resistance.⁷

Described as the "linchpin" of the Virginia Constitution's education directives, Article VIII, § 1 clearly identifies the General Assembly as the entity ultimately responsible for the establishment of public education in the Commonwealth.⁸ The section includes a mandate as well as a goal for public education:

The General Assembly shall provide for a system of free public elementary and secondary schools for all children of school age throughout the

⁶ Gold, *supra* note 2, at 50.

⁷ A.E. Dick Howard, *Commentaries on the Constitution of Virginia* at 880-884 (1974) [hereinafter referred to as Howard].

⁸ *Report of the Commission on Constitutional Revision* at 259 (January 1969) [hereinafter referred to as 1971 Commission]; Hullihen W. Moore, "In Aid of Public Education: An Analysis of the Education Article of the Virginia Constitution of 1971," 5 *U. Rich. L. Rev.* 263 at 264 (1971) [hereinafter referred to as Moore].

Commonwealth and shall seek to ensure that an educational program of high quality is established and continually maintained.

Recognizing that fiscal authority must bolster this renewed commitment to quality education, the framers of the 1971 Constitution clarified in Article VIII, § 2 that the legislative branch must not only revise the Standards of Quality prescribed by the Board of Education, but must also determine the method of financing public education. Balancing state and local fiscal responsibility for quality public education was of utmost concern to the 1971 constitutional revisionists. Cognizant of the variations in local commitment and resources,⁹ the framers agreed that while the General Assembly would apportion costs, responsibility for funding public schools would be shared with localities:

....The General Assembly shall determine the manner in which funds are to be provided for the cost of maintaining an educational program meeting the prescribed standards of quality, and shall provide for the apportionment of the cost of such program between the Commonwealth and the local units of government comprising such school divisions. Each unit of local government shall provide its portion of such cost by local taxes or from other available funds.

Ensuring the enforcement of the localities' constitutional duty to support public education is Article VIII, § 5, which directs the Board of Education to identify to the Governor and the General Assembly those school divisions "which have failed to establish and maintain schools meeting the prescribed standards of quality." Finally, with limited exceptions, Section 10 restricts the appropriation of state funds to any school "not owned or exclusively controlled by the State or some political subdivision thereof. . . ." ¹⁰

Revenue Sources for Public Education

Financing the construction, maintenance, and operation of the Commonwealth's public schools requires funds from a variety of sources. In an omnibus provision, Section 22.1-88 of the Code of Virginia authorizes the use of federal funds, state appropriations, local funds raised by local levies, and "any other funds" for the "establishment, support and maintenance of the public schools...." The apportionment of the bulk of these sources remains largely within the purview of the General Assembly, through the Appropriation Act.

⁹ 1971 Commission, *supra* note 8, at 259-263.

¹⁰ Article VIII, § 10 permits localities, subject to statutory limitations, to appropriate funds "which may be expended in furtherance of elementary, secondary, collegiate or graduate education of Virginia students in public and nonsectarian private schools and institutions of learning...." In addition, state funds may be appropriated to an agency or school owned or controlled by an agency or created by the joint agreement of Virginia and at least one other state. Localities are permitted to fund nonsectarian technical and industrial training schools and those schools owned or controlled by the locality.

Federal Funds

While the administration of public education has remained primarily a state concern, the federal government mandates several programs and continues to provide assistance to state and local education agencies. Federal funding typically accounts for only about six percent of revenues for public elementary and secondary education; this amount reached nearly 10 percent in 1980, but has declined since.¹¹ Total federal support for education, including on-budget support provided through programs funded by Congressional appropriation, non-federal funds generated by federal loan guarantees, and excluding federal tax expenditures representing revenue losses attributable to special tax deductions or exclusions for education,¹² reached \$75.8 billion in fiscal year 1992, representing a 13 percent decrease in "real dollars" since 1980. In 1993, elementary and secondary education are expected to claim the largest portion of federal program funds, at \$31.5 billion.¹³

The principal source of federal education moneys is the U.S. Department of Education. Initially established in 1867, the Department reached cabinet-level status in 1980. In 1993, the U.S. Department of Education provided \$30.7 billion or about 45 percent of the \$68.4 billion in federal education expenditures. Significant education funds also came from the Departments of Health and Human Services, Agriculture, Labor, Defense, and Energy.¹⁴ Major elementary and secondary education programs funded through the Department of Education include Chapter 1 Grants for the Disadvantaged; Education for the Handicapped; Chapter 2 School Improvement Programs; Impact Aid; and vocation and adult education. The Department of Agriculture funds the Child Nutrition program, the largest single federally funded initiative for elementary and secondary education, while the Head Start program for disadvantaged children is supported by the Department of Health and Human Services.¹⁵

The Commonwealth received over \$346 million in federal education funds in 1991-92, accounting for 5.67 percent of all elementary and secondary education expenditures in Virginia. Federal funds comprised 40.65 percent of state level expenditures and 5.66 percent of all local expenditures for public schools, including

¹¹ *Structure*, *supra* note 1, at iv, 11.

¹² U.S. Department of Education, National Center for Education Statistics, *Federal Support for Education: Fiscal Years 1980-1992* at 1 (February 1993) [hereinafter referred to as *Federal Support*].

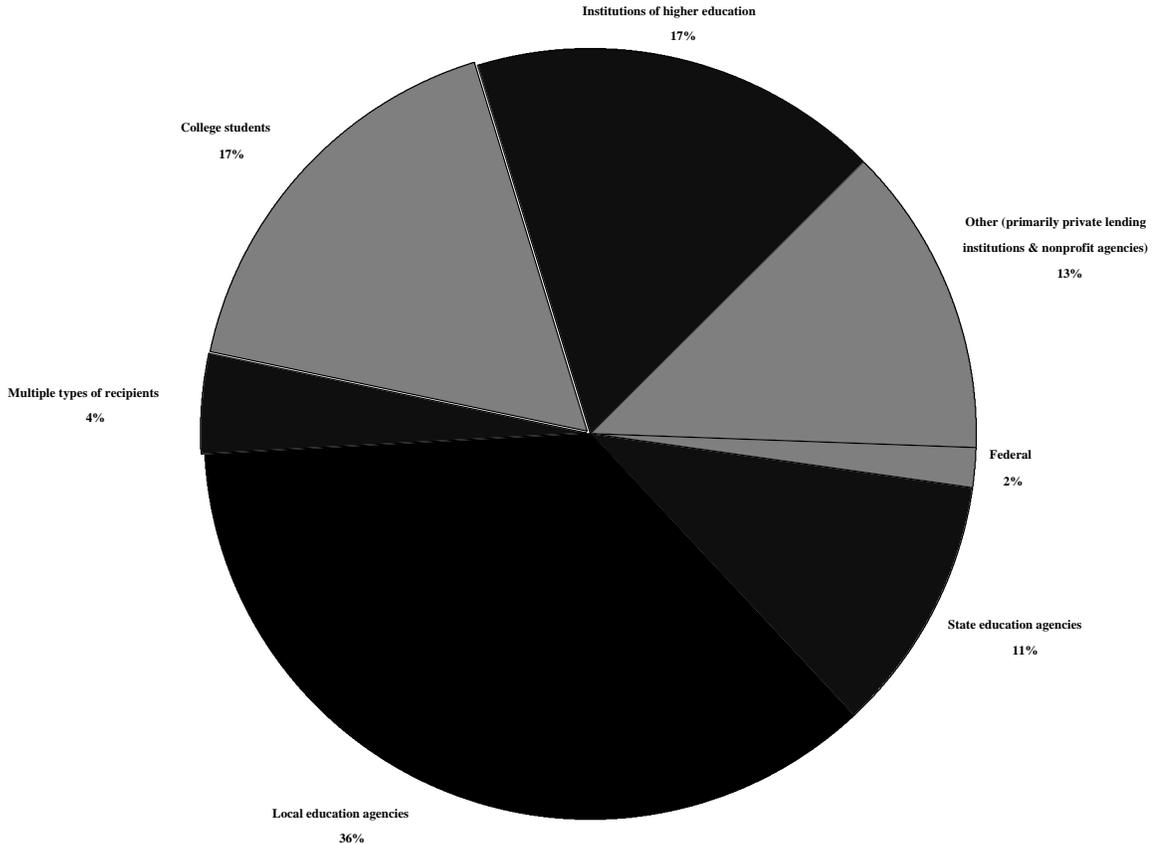
¹³ U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics 1993* at 351 (October 1993) [hereinafter referred to as *Digest*]. See also, *Federal Support*, *supra* note 12, at 4, 7.

¹⁴ *Digest*, *supra* note 13, at 351, 352.

¹⁵ *Federal Support*, *supra* note 11, at 9.

capital outlay and debt service.¹⁶ About \$15 million in federal funds supported the administration of federal programs by the Department of Education in 1993.¹⁷

U.S. Department of Education Outlays by Type of Recipient Fiscal Year 1993



Total Outlays: \$30.7 million

Source: U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics 1993* at 362 (October 1993).

State Funds

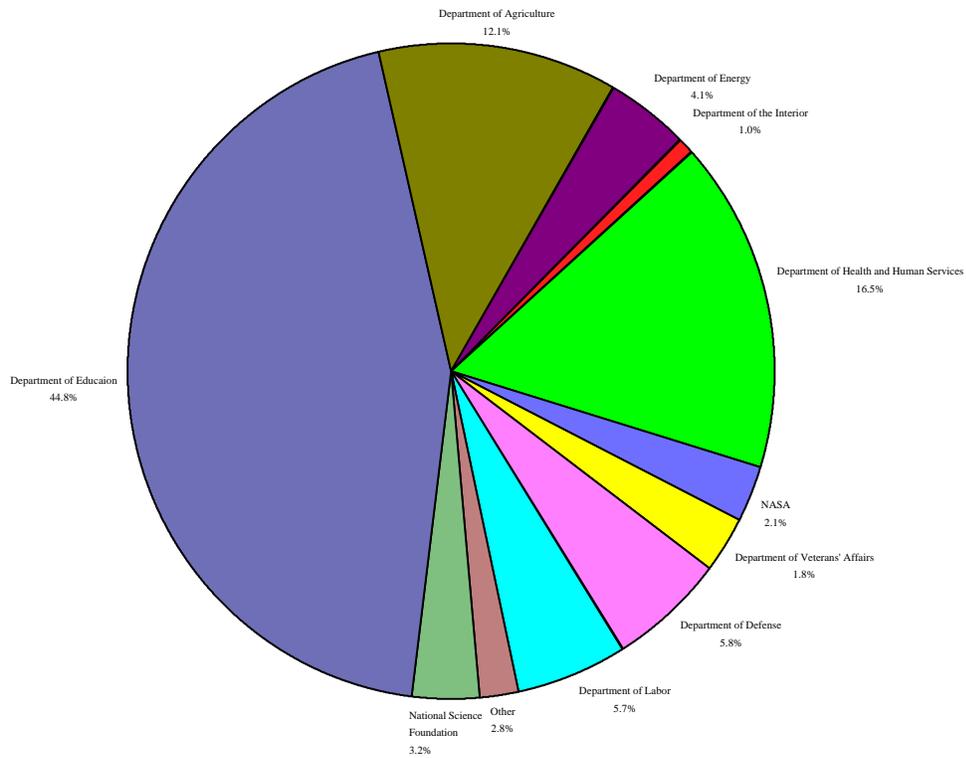
Public education is typically the largest program in most state budgets, often comprising at least one-third of general fund spending.¹⁸ The last 25 years have

¹⁶ Virginia Department of Education, *Superintendent's Annual Report for Virginia 1991-92* at 33, 34 (1993) [hereinafter referred to as *Superintendent's Report*].

¹⁷ 1993 Acts of Assembly, c. 994, § 1-46, p.87.

witnessed a shift in primary fiscal responsibility for public education from local to state governments, due largely to increased state funding to address educational quality in poorer school divisions. Most states earmark specific revenues such as general sales taxes and personal or corporate income taxes for public education. Also supporting public schools throughout the nation are statewide property taxes, certain excise taxes, insurance premium fees, lottery proceeds, and coal, oil, and gas extraction fees. These dedicated resources usually supplement legislative appropriations of general funds, which account for more than 80 percent of total state education aid in most states.¹⁹

**Federal Funds for Education by Agency
Fiscal Year 1992**



Total = \$68.4 billion

Source : U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics 1993* at 361 (October 1993).

General Fund Appropriations

¹⁸ Gold, *supra* note 2, at 49.

¹⁹ *Structure*, *supra* note 1, at iv, 13.

The Commonwealth's funding of public schools is consistent with this nationwide practice. General fund appropriations serve as the mainstay of state support for public schools, augmented by additional moneys from retail sales and use tax revenues and other sources. Comprised of moneys not otherwise designated for specific funds, including unexpended balances of previous appropriations, public taxes and arrears of taxes, nontax revenues such as fees, licenses, gifts, grants, and donations, and projected revenues derived from proposed legislation, Virginia's total general fund appropriations exceeded \$13 billion for the 1992-94 biennium.²⁰ Operating expenses for public education claimed approximately \$4.6 billion of these general fund dollars.²¹

Other Appropriations

Special funds, consisting of designated revenues, consisting primarily of Literary Fund monies, are expected to contribute over \$200 million for the operation of public schools in the 1992-94 biennium. Also funding a portion of public school costs are \$4.3 million in Commonwealth Transportation Trust Funds, which support driver education through learner's permit fees.²² School divisions complying with the standardized driver education program established by the Board of Education and certain learner's permit informational requirements may receive state funds appropriated for driver education.²³

Sales and Use Tax

Contributing over \$450 million to support operating costs for public schools in 1991-92 was the state sales and use tax.²⁴ Pursuant to Section 58.1-638 of the Code of Virginia, net revenues generated by a one percent sales and use tax are apportioned to localities based upon the number of children in each county and city according to the most recent triennial census of the school age population. The census includes all persons of school age, not just those actually enrolled in the public schools. The Department of Education is statutorily directed to adjust the school age population figures in years in which no statewide census is taken, to reflect annual changes in the total population as estimated by the University of Virginia Center for Public Service. Considered funds raised from local resources, these revenues are nonetheless deemed "state" dollars, as they are collected pursuant to a state tax, are paid into the state treasury, and are subject to appropriation by the legislature. Sales and use tax revenues may support not only maintenance and operation of public schools, but also capital

²⁰ 1993 Acts of Assembly, c. 994, §§ 1, 2, 7.

²¹ *Id.* at § 1-46, Item 146.

²² 1993 Acts of Assembly, c. 994, Items 133; 134(5); 135(C)(3)(e). *See also*, Va. Code §§ 46.2-334; 46.2-335 (1989 and 1993 Supp.).

²³ Va. Code §§ 22.1-205 (1993); 46.2-335 (1989 and 1993 Supp.).

²⁴ *Superintendent's Report*, *supra* note 16, at 59.

outlay and debt service payments.²⁵ The 1992-94 budget appropriated over \$973 million in sales and use tax revenues for public education operations.²⁶

Literary Fund

While legislative appropriations and sales tax revenues support operating costs for public schools, construction costs may be financed through the Literary Fund, a "permanent and perpetual school fund" detailed in Article VIII, § 8 of the Virginia Constitution. Initially established by the General Assembly in 1810, the Literary Fund has grown from a modest fund comprised of the proceeds of escheated property to a major funding source, combining not only escheated property sale proceeds but also sale proceeds of public lands donated by Congress for public school purposes, waste and unappropriated lands, and forfeited lands, fines collected by the Commonwealth, donations, and annual interest accrued on the Fund.²⁷ Proceeds from the sale of abandoned property, as well as unclaimed State Lottery prizes, are also directed to the Literary Fund.²⁸

Once the principal in the Fund reaches \$80 million, the General Assembly may set aside additional moneys for "public school purposes," including the teacher retirement fund.²⁹ As administrator of the Literary Fund, the Board of Education may make low-interest loans from additional Fund moneys to local school divisions for the construction, alteration, or enlargement of school buildings, for equipping school buses for alternative fuel conversions, and for the construction of school bus alternative fuel facilities. Subject to the approval of the General Assembly, the Board of Education may also make loan interest rate subsidy payments from the Literary Fund. The Board is statutorily directed to distribute Fund monies equitably among applicant school divisions and may cap loans at \$5 million.³⁰ In addition, the General Assembly may authorize the Board to use the Literary Fund as collateral for other borrowings; however, these borrowings are not secured by the full faith and credit of the Commonwealth.³¹

Evidenced by bonds or notes payable to the Commonwealth, loans from the Literary Fund are repayable in annual installments from five to 30 years; interest rates

²⁵ Va. Code §§ 58.1-638 (1993 Supp.); 22.1-281 (1993). See also, 1982 Opinion of the Attorney General at 427.

²⁶ 1993 Acts of Assembly, c. 994, § 1-46, Item 136.

²⁷ Va. Code § 22.1-142 (1993); see also, Howard, supra note 7, at 880, 881; 937-945.

²⁸ Va. Code §§ 58.1-4020 (1993 Supp.); 55.1-210.19 (1986).

²⁹ Va. Constitution, Art. VIII, § 8 (1993 Supp.).

³⁰ Va. Code § 22.1-146; 22.1-147 (1993).

³¹ Va. Constitution, Art. VIII, § 8 (1993 Supp.).

may be fixed between two and six percent by the Board of Education. Construction loans may not exceed 100 percent of the cost of the project.³² Although a local referendum is not required to approve a loan from the Literary Fund, these loans are considered a debt of the locality, and the local governing body must appropriate to the school division sufficient funds for repayment.³³

At the end of fiscal year 1993, Literary Fund principal totaled \$343,338,114, reflecting a \$84,528,777 million transfer to the teacher retirement fund. As of June 30, 1992, the Literary Fund had actively supported construction for eight schools and 29 interest rate subsidies.³⁴ As of October, 1993, the waiting list included a total of 54 projects; however, due to revenue projections and required teacher retirement transfers, no Literary Fund moneys were expected to be available for loans in fiscal year 1993-94.³⁵

Virginia Public School Authority

Also supporting capital construction for public schools is the Virginia Public School Authority (VPSA), established in 1962 to provide below-market interest rate borrowing to localities.³⁶ Governed by a Board of Commissioners consisting of the State Comptroller, the State Treasurer, the Superintendent of Public Instruction, and five gubernatorial appointees, the Authority is often described as a "bond bank" and is authorized to purchase general obligation local school bonds through funds set aside to it from the Literary Fund and other funds appropriated by the General Assembly. In practice, the VPSA typically purchases these local bonds from the proceeds of the sale of its own bonds. School bonds purchased by the VPSA do not require approval by the voters of the borrowing locality.³⁷ In addition, the Authority may make loans and loan interest rate subsidy payments to local school boards for capital projects for which Literary Fund moneys are not immediately available. Grants for the purchase of capital projects for school purposes are also authorized.³⁸

³² Va. Code § 22.1-151; 22.1-152; 22.1-150; 22.1-148 (1993).

³³ Va. Constitution Art. VII, § 10 (b) (1987); Va. Code § 22.1-161; 22.1-158 (1993).

³⁴ Virginia Department of Education, Final Review of Financial Report on Literary Fund (1992); Virginia Department of Education, Statement of Literary Fund (August 1993); see also, 1993 Acts of Assembly, c. 994, § 1-46, Item 134 (2); Va. Code § 51.1-145 (1991).

³⁵ Virginia Department of Education, Literary Fund First Priority Waiting List and Correspondence (October 13, 1993).

³⁶ Va. Code § 22.1-163 (1993); Moore, supra note 8, at 295-297.

³⁷ Va. Constitution, Article VII, § 10(b) (1987); Va. Code § 22.1-166 (1993).

³⁸ Va. Code §§ 22.1-164; 22.1-165; 22.1-166; 22.1-166.1; 22.1-166.2 (1993).

**Statement of Literary Fund Principal
(as of June 30, 1993)**

Principal	May 31, 1993	June 30, 1993	Increase (Decrease)
Cash and investments maintained by State Treasurer	87,247,538	6,829,324	(\$80,418,214)
Loans received from school boards of counties, cities and loans (secured by promissory notes)	1,933,794	1,933,794	0
Virginia Public School Authority Reserve Fund			
Cash and investments in custody of Virginia Public School Authority (VPSA)	15,270,350	18,515,227	3,244,877
Long-term loans in custody of VPSA	318,062,791	316,059,769	(2,003,022)
TOTAL PRINCIPAL	\$422,514,473	\$343,338,114	(\$79,176,359)

Funds Available for Active Projects

Cash and investments maintained by State Treasurer	87,247,538	6,828,324	(80,418,214)
Less Balance due on active projects	8,799,360	7,354,621	(1,444,739)
Less amount being reserved for teacher retirement (1992-93)	74,429,288	0*	(74,429,288)
Less amount being reserved for 1990 VPSA equipment/interest subsidy	319,890	0	(319,890)
Less amount being reserved for 1991 VPSA equipment/interest subsidy	3,699,000	0	(3,699,000)
Balance available to fund projects currently on waiting lists	\$0	(\$525,297)	(\$525,297)

*\$84,528,777 has been transferred as of June 30, 1992 for teacher retirement

Source: Virginia Department of Education, *Statement of Literary Fund* (August 1993).

On January 1 and July 1 of each year and at such other times as the Authority may request, notes representing permanent loans from the Literary Fund to local school boards are transferred to the VPSA.³⁹ Income from these notes, as well as from the purchase and sale of local school bonds and from other funds as may be transferred or appropriated by the General Assembly, enables the Authority to issue its own bonds to finance other grants, loans, and bond purchases. Aided by several factors, including the full faith and credit of the issuing locality pledged to the bonds and transferred notes, the VPSA may pass along a favorable interest rate. The Authority's bonds, like borrowings from the Literary Fund, are not considered state debt and are therefore not secured by the Commonwealth's full faith and credit. However, payments on Authority bonds may be secured through a mechanism commonly referred to as the "state aid intercept," which allows the Governor to redirect state aid to the defaulting locality to the bondholders until the default is cured. Exempt from state and local taxation, Authority bonds must mature within 30 years of their issuance and may be sold publicly or privately.⁴⁰

In recent years, the Virginia Public School Authority has issued school equipment financing bonds, the proceeds of which financed microcomputer and communications equipment for local school divisions; special obligation financing bonds to purchase general obligation school bonds; and school equipment financing notes. The Authority has never defaulted in the payment of principal or interest on its indebtedness and maintains double-A ratings for its bonds.⁴¹

The 1993 Appropriation Act (§ 1-46, Item 146 D) directs the Board of Education and the Authority to provide a program of funding for school construction and renovation through the Literary Fund loans and subsidies and VPSA bond sales. The program is to fund a portion of the projects on the Literary Fund waiting list and "other critical projects which may receive priority placement" by the Board of Education. Interest rate subsidies are to fund the difference in debt service between a Literary Fund loan and VPSA borrowing. Accordingly, the VPSA sold its School Financing Bonds (1991 Resolution) Series 1992 on October 20, 1992.⁴²

³⁹ Va. Code § 22.1-175 (1993).

⁴⁰ Va. Code § 22.1-167; 22.1-168; 22.1-172 (1993); 15.1-227.61 (1993 Supp.). See also, Moore, supra note 8, at 296.

⁴¹ Auditor of Public Accounts, Virginia Public School Authority, Richmond, Virginia: Report on Audit for the Year Ended June 30, 1991; Auditor of Public Accounts, Virginia Public School Authority, Richmond, Virginia: Report on Audit for the Year Ended June 30, 1992; Virginia Public School Authority, Attachment A1 to Pooled Bond Sale materials; Virginia Public School Authority, Official Statement, \$68,365,000 Virginia Public School Authority School Financing Bonds (1987 Resolution), 1992 Series A at 28 (1992); Virginia Public School Authority, Preliminary Official Statement, \$35,590,000 Virginia Public School Authority School Financing Bonds (1991 Resolution), 1992 Series at 11, 12 (1992); Virginia Public School Authority, Official Statement, \$80,135,000 Virginia Public School Authority School Financing Bonds (1987 Resolution), 1993 Series C at 10-12 (1993) .

⁴² 1993 Acts of Assembly, c. 994, § 1-46, Item 146; 1992 Act of Assembly, c. 893, § 1-46, Item 146. The 1992 Appropriation Act had required the first VPSA bond sale for no later than September 30, 1992,

Local Funds

Local revenue sources for public education vary among the states, depending largely upon the fiscal and administrative autonomy of the local school divisions. "Independent" school divisions--those that are not linked financially or administratively to a local government--can be found in over 40 states. Taxing authority may accompany this autonomy, enabling the division to determine the amount of revenues to be raised for public schools, subject to state constitutional or legislative restrictions on tax sources. For these independent school divisions, the ad valorem property tax is the primary revenue source for public education. Serving as a "check" on the taxing authority of these divisions are, in the case of elected school boards, the voting populace and referenda requirements.⁴³

Virginia's school divisions have no independent taxing authority and derive funding from local governments that typically rely on three types of revenue: general property sources, such as real and tangible personal property; nonproperty tax sources, such as sales and consumer utility taxes, professional licenses, and recordation fees; and nontax sources, including fines and forfeitures and regulatory licenses.⁴⁴ Competing with public education for these resources are other local functions, such as police and fire protection, health services, and public utilities.⁴⁵

Every local government unit comprising a school division is constitutionally and statutorily required to levy taxes to support public education in Virginia. Tax rates on property must be sufficient to yield an amount, that, when added to "other available funds," will provide for the locality's share to maintain an educational program meeting the prescribed Standards of Quality.⁴⁶ In addition to this mandatory local property tax, the local governing body may levy special property taxes, not to exceed \$2.50 on each \$100 of the assessed property value.⁴⁷ Also supplementing local revenues for public education are glebe lands and church property, federal forest reserve and flood control funds, and private trust funds and donations.⁴⁸

subject to certain Literary Fund balances and contingencies; however, because Literary Fund revenues did not meet the required projections, the sale date was no longer mandatory. Virginia Public School Authority correspondence (November 23, 1993).

⁴³ Structure, supra note 1, at 13, 15.

⁴⁴ JLARC II, supra note 4, at 39.

⁴⁵ Structure, supra note 1, at 13.

⁴⁶ Va. Constitution, Art. VIII, § 2 (1987); Va. Code § 22.1-95 (1993).

⁴⁷ Va. Code § 22.1-102 (1993).

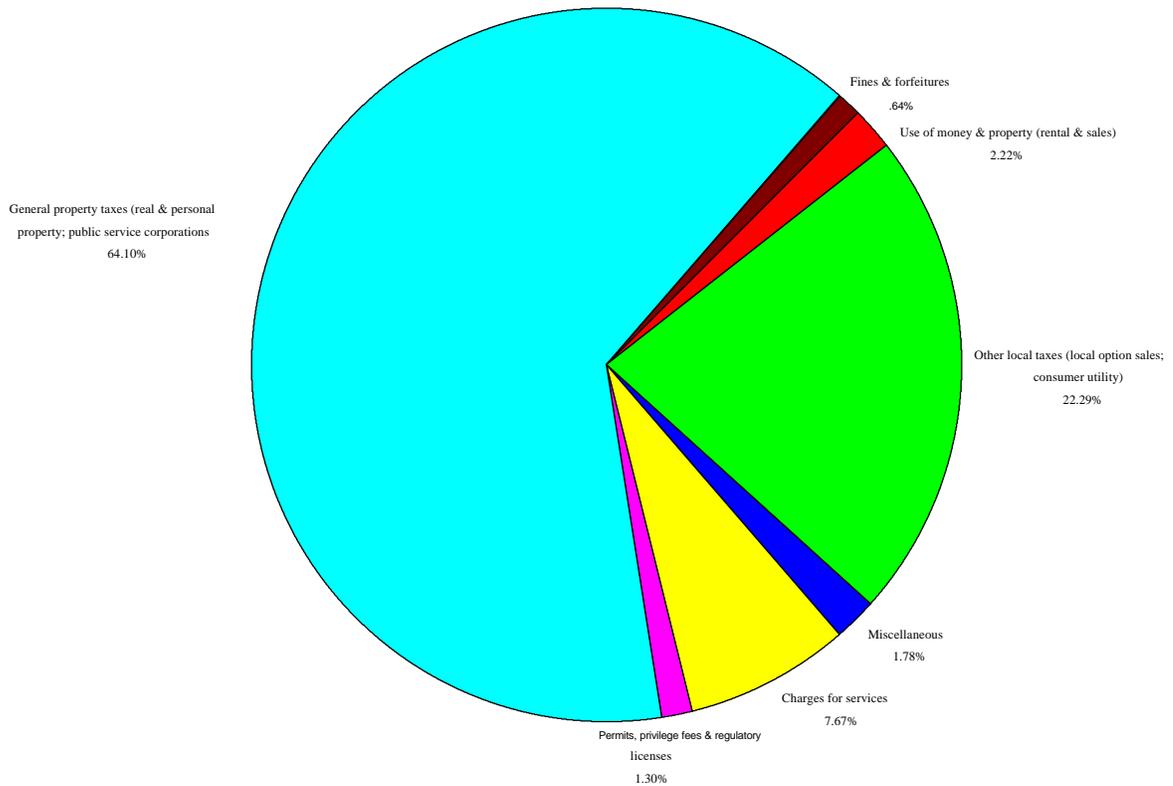
⁴⁸ Va. Code §§ 22.1-107; 22.1-108; 22.1-111; 22.1-112 (1993).

Localities are authorized to collect a one percent sales tax to provide revenue for local general funds. Originally established as a local option to support public education, this sales tax has been imposed by all localities, resulting in a 4.5 percent state and local sales tax throughout Virginia. The local sales tax is collected by the Tax Commissioner and, unlike that portion of the state sales tax earmarked for public education, is returned to the locality not on the basis of school age population but upon point of retail sales origin.⁴⁹

Development of an annual budget estimate for the support of public schools is the responsibility of each division superintendent, who will incorporate in the estimate those major budget classifications prescribed by the Board of Education and other headings as may be necessary. Currently, the Board of Education has developed seven major budget classifications for these estimates: instruction; administration, attendance, and health; pupil transportation services; operation and maintenance services; school food services and other noninstructional operations; facilities; and debt service and fund transfers. Prior to granting its final approval to this budget for submission to the local governing body, the school board must conduct at least one public hearing. The proposed budget must be submitted to the local governing body by April 1.

⁴⁹ Va. Code §§ 58.1-605, 58.1-606 (1991); see also, Division of Legislative Services, A Legislator's Guide to Taxation in Virginia, Volume 2: Local Taxes (1992).

Local Revenue Sources in Virginia Fiscal Year Ended June 30, 1991



Source: Auditor of Public Accounts, *Comparative Report of Local Government Revenues and Expenditures Year Ended June 30, 1992* at 12-19 (1993).

Based on this budget and estimates received by the Superintendent of Public Instruction regarding state aid, the local governing body must approve an annual budget for education and appropriate an amount not less than the cost apportioned to it to maintain an educational program meeting the Standards of Quality. The appropriation may simply represent a lump sum or may reflect the major classifications developed by the Board of Education and can be made on the same periodic basis as appropriations to other local agencies and departments. Counties must approve their annual education budgets by May 1 or within 30 days of receipt of the estimates of state funds, whichever is later; the approval date for municipalities is May 15 or within 30 days of the receipt of the estimates of state funds, whichever is later.⁵⁰

Ensuring sufficient local public education funds is the Attorney General's authority to petition for a writ of mandamus directing a noncompliant local governing body to make the required appropriation. Reflecting the gravity of such an action, the

⁵⁰ Va. Code §§ 15.1-160 (1989); 22.1-92; 22.1-93; 22.1-94 (1993). See also, Virginia Department of Education, Annual School Report General Instructions 1991-1992 (1992).

Code of Virginia requires that these petitions be given first priority on circuit court dockets and that they "be heard expeditiously."⁵¹

Allocating Funds for Public Education

Although management of school division funds, whether from federal, state, or local sources, is the responsibility of the local school board, the apportionment of these moneys--and the determination of the appropriate mandatory contribution from state and local sources--remains the duty of the state. The last three decades have witnessed an overall increase in the relative share of education dollars advanced by states. This trend is attributed largely to a renewed commitment by the states to providing access to quality education in all school divisions. Education funding is most often comprised of a basic aid instructional program and categorical aid for specific purposes.⁵² Allocating these education funds, however, continues to be a complex, even daunting, pursuit, but one that is necessary to ensure the delivery of quality educational services.

State Funding Formulas

While most state funding formulas rely heavily on property taxation, the structure of these allocations typically falls into one of two classifications. A "foundation" program is characterized by a formula that establishes a minimum per pupil expenditure that may be fully funded by the state or partially supported by local dollars. Usually the local share is determined by a wealth indicator, most often property taxes, that is based on a uniform, statewide rate. Under this formula, the tax effort required by each locality is the same, regardless of its property wealth. Thus, the state's share to meet the guaranteed minimum per pupil "foundation" expenditure is greater in those less wealthy districts. Most states implementing a foundation formula permit localities to supplement the minimum "foundation" amount with local revenues. A number of studies indicate that as many as 30 to 40 states have adopted some variation of the foundation formula.⁵³

The "power equalization" program, implemented in only a handful of states, is designed to guarantee that school divisions, regardless of tax base, will be able to generate the same revenue per pupil at a particular tax rate established by the locality. The state then supplies the necessary amount to meet a guaranteed expenditure level. Variations of this program may involve recapture provisions, which require those districts that generate revenue above the guaranteed minimum to remit these excess dollars to the state for redistribution to other localities. Additional variations may impose a limit on the local tax rate and the state's match of local funds.⁵⁴

⁵¹ Va. Code §§ 22.1-97; 22.1-253.13:8 (1993).

⁵² Structure, supra note 1, at 19, 22.

⁵³ Id. at 19-23.

⁵⁴ Id. at 20-23.

Developing a Workable Funding Plan in Virginia

The Commonwealth's program for financing public education--like that of most states--is a variation of the foundation program, incorporating a guaranteed per pupil expenditure with a required local share. The development and efficiency of this funding system has been the focus of legislative scrutiny for many years. Prior to the 1971 constitutional revision, legislators expressed concern that Virginia's funding formula for public education might be "unfair" or "unnecessarily complex." The Virginia judiciary had found that compliance with the Commonwealth's constitutional mandate for "an efficient system of public free schools" required little more than "the enactment of the administrative system or machinery for a potentially efficient system." Localities had no obligation to levy taxes or to provide other funding for public schools.⁵⁵

In 1970, a special legislative commission reported that Virginia's funding formula should not only achieve simplicity but also establish financial need, assess local fiscal capacity, and require local effort. Concluding that the Commonwealth's funding system should recognize the shared fiscal responsibilities of the state and localities for public education, the commission proposed a formula requiring the Commonwealth to support half of the per student costs for a basic program, as determined by the General Assembly, while localities supply the remaining half, subject to additions by the State. The recommended formula included calculations based on average daily membership in the public schools, rather than average daily attendance, and consideration of local sales tax revenues as well as real property values.⁵⁶

The 1971 constitutional revisions clarifying and strengthening the duties and responsibilities of the Commonwealth and localities for public education spawned subsequent studies addressing instructional costs, funding for the Standards of Quality, and efficiency in the use of public education funds.⁵⁷ Today, Virginia's system of funding public education is an amalgam of legislative, judicial, and executive expertise and recommendations, resulting in a complex formula recognizing state and local responsibility for providing quality in public education.

Virginia's System of Education Finance

Virginia's plan for funding the state's share of public education is primarily detailed in the Appropriation Act, facilitating annual adjustment and revision. Direct aid to public education--funding for the operation of the Commonwealth's public schools--is generally divided among categorical payments, funding for school employee benefits,

⁵⁵ House Document 20, supra note 4, at 1, 2.

⁵⁶ Id. at 13-15.

⁵⁷ Instructional Costs; JLARC I; JLARC II; supra note 4; Report of the Commission to Study Efficiency in the Use of Public Education Funds, Senate Document No. 39 (1990).

funding of the Standards of Quality, apportionment of sales tax revenues, and specific appropriations for programs such as Governor's Schools and adult literacy initiatives.

Categorical payments typically include direct appropriations of general, special, and federal trust fund moneys to school divisions for specific initiatives such as the Interagency Assistance Fund, dropout prevention, and certain special and vocational education instruction payments. With the exception of payments for electronic classrooms, special education tuition, and certain other initiatives, these appropriations are not adjusted on the basis of local need or fiscal capacity. Distribution of Federal Block Grant moneys is included among these categorical payments.⁵⁸

General and special funds support school employee benefits, including contributions to the employer's share for the Virginia Retirement System, federal Social Security, and group life insurance. These contributions are adjusted on the basis of local fiscal capacity.⁵⁹ Net sales tax revenues are apportioned to localities based upon the number of children in each county and city according to the most recent triennial census of the school population. These revenues are distributed to the local divisions by the State Comptroller and are not earmarked for any particular educational programs.⁶⁰

Funding the Standards of Quality

Perhaps the most significant--and complicated--appropriation lies in the funding of the Standards of Quality (SOQ). To meet the constitutional directive that the Commonwealth and localities jointly provide and support "an educational program of high quality," the General Assembly has crafted a complex methodology for the apportionment of the state and local share for the Standards of Quality. While state and local dollars may support other public education initiatives, joint funding is constitutionally required for those programs mandated by the Standards of Quality. Comprising the largest portion of state aid to localities for public education, funding for SOQ costs is traditionally identified as operating costs rather than capital outlay or debt service.⁶¹ The product of countless studies and deliberations, Virginia's method for apportioning state and local fiscal responsibility for SOQ programs has evolved over the years to recognize the actual costs of education as well as local fiscal capacity.⁶² Simply described, the Commonwealth's funding plan for SOQ programs requires the calculation of SOQ costs, to which a weighted formula is applied to determine local ability to pay

⁵⁸ 1993 Acts of Assembly, c. 994, § 1-46, Item 133.

⁵⁹ *Id.* at Item 134.

⁶⁰ *Id.* at Item 136; *see also*, Va. Code § 58.1-638 (1993 Supp.).

⁶¹ *JLARC II*, *supra* note 4, at I; *JLARC I*, *supra* note 4, at I, 3.

⁶² 1973 Opinion of the Attorney General at 351-353.

for these mandated programs and the Commonwealth's appropriate contribution for each locality.

Calculating SOQ Costs

Pursuant to guidelines established by the Department of Education, SOQ costs are generally assessed on the basis of quantified standards, such as per pupil instructional staffing requirements detailed in the Standards of Accreditation adopted by the Board of Education, and, in the case of other expenditures such as salaries and support costs that are not necessarily tied to quantified standards or student population, on the basis of "prevailing" costs--the expenditure level "around which most of the school divisions in the State tend to cluster."⁶³ The determined SOQ costs represent the minimum expenditure for maintaining the required educational programs. Currently, the majority of SOQ costs are based upon a per pupil amount. The calculation of SOQ costs has been reviewed by numerous executive and legislative groups, culminating in the present system that establishes a basic operation cost to be shared by the Commonwealth and the localities:⁶⁴

Per Pupil Cost x Average Daily Membership =

SOQ Cost to be Funded by State and Locality

Determining Local Ability To Pay: The Composite Index

Every locality's share of SOQ costs is apportioned pursuant to the **Composite Index of Local Ability to Pay**. This weighted formula compares three local measures of wealth--real property values, adjusted gross income, and local option sales taxes--to statewide averages and adjusts these indicators by student population and total population. The sum of two-thirds of the student population (**Average Daily Membership or ADM**) component and one-third of the population component is then multiplied by a local nominal share of the Standards of Quality designated by the Appropriation Act.

The product of this formula--the **local composite index (LCI)**--is then applied to the established SOQ costs, less the estimated sales and use tax revenues returned to the locality on the basis of its school age population, to determine required local expenditures to meet the Standards of Quality:⁶⁵

⁶³ 1993 Acts of Assembly, c. 994, § 1-46, Item 135 B 5; JLARC II, supra note 4, at 9, 10; Va. Code § 22.1-253.13:3 (1993).

⁶⁴ JLARC I, supra note 4, at 10; 1993 Acts of Assembly, c. 994, § 1-46, Item 135 A 3.

⁶⁵ 1993 Acts of Assembly, c. 994, § 1-46, Item 135 A 4, 5.

Required Local Expenditure for SOQ =

$$[\text{SOQ Cost} - \text{Sales Tax}] \times \text{LCI}$$

Required State Expenditure for SOQ =

$$[\text{SOQ Cost} - \text{Sales Tax}] - \text{Required Local Expenditure}$$

Previous methods of calculating local wealth relied solely on real property values; as localities gained other taxing powers, revenue sources increased. The current index, developed by the Governor's 1972-1973 Task Force on Financing the Standards of Quality, recognizes this broader local revenue base. The weight given to each component is based on the general portion of revenue derived from each source; thus, property values and adjusted gross incomes, as the major sources of local wealth statewide, are given greater weight than the sales tax. A low composite index indicates low ability to support SOQ costs, requiring a greater state share to meet the minimum Standards. Conversely, a high index represents greater local ability and a lower state contribution. Although sometimes criticized because it does not reflect variations among local revenue sources or local needs for services, the local composite index remains the chosen tool for determining the local share of SOQ costs.⁶⁶

Calculation of the Composite Index of Local Ability-to-Pay

$.5 * \left(\frac{\frac{\text{Local true value of real property}}{\text{Local average daily membership}}}{\frac{\text{True local true values of real property statewide}}{\text{Total average daily membership statewide}}} \right)$ $+ .4 * \left(\frac{\frac{\text{Local adjusted gross income}}{\text{Local average daily membership}}}{\frac{\text{Total adjusted gross income statewide}}{\text{Total average daily membership statewide}}} \right)$ $+ .1 * \left(\frac{\frac{\text{Local taxable retail sales}}{\text{Local average daily membership}}}{\frac{\text{Total taxable retail sales statewide}}{\text{Total average daily membership statewide}}} \right)$ <hr style="width: 80%; margin-left: 0;"/> <p>= Average daily membership composite index</p>	$.5 * \left(\frac{\frac{\text{Local true value of real property}}{\text{Local population}}}{\frac{\text{Total local true values of real property statewide}}{\text{State population}}} \right)$ $+ .4 * \left(\frac{\frac{\text{Local adjusted gross income}}{\text{Local population}}}{\frac{\text{Total adjusted gross income statewide}}{\text{State population}}} \right)$ $+ .1 * \left(\frac{\frac{\text{Local taxable retail sales}}{\text{Local population}}}{\frac{\text{Total taxable retail sales statewide}}{\text{State population}}} \right)$ <hr style="width: 80%; margin-left: 0;"/> <p>= Per capita composite index</p>
$\frac{[(.6667 * \text{Average daily membership composite index}) + (.3333 * \text{Per capita composite index})] * .45}{1}$ <p>= Local composite index</p>	

* The constants (.5, .4, and .1) represent the average share of local revenues gathered from real property taxes, charges, and miscellaneous revenue, including the local personal property tax, and the 1 percent local option sales tax, respectively. Adjusted gross income data are used as a proxy for taxes derived from local charges and miscellaneous revenue. The local nominal share, .45, is specified in the 1993 Appropriations Act.

Source: Superintendent's Annual Report 1991-92 at 63 (1993); 1993 Acts of Assembly, ch. 994, § 1-46, Item 135 A4.

⁶⁶ JLARC II, *supra* note 4, at 40, 42; see also, House Document No. 20, *supra* note 4, at 10, 12.

The Appropriation Act sets a composite index of .8000 as the maximum index that will be used to compute local shares, thereby guaranteeing a minimum state contribution of 20 percent in those localities with a high fiscal capacity. Other special conditions include the designation of Planning District Eight (Counties of Arlington, Fairfax, Loudoun, and Prince William and the Cities of Alexandria, Fairfax, Falls Church, Manassas and Manassas Park) for certain cost adjustments to reflect competitive salary levels, provisions for the annexation or consolidation of school divisions, and the option of localities whose local adjusted gross income is comprised of at least three percent non-resident income to exclude this income for purposes of computing local ability to pay.⁶⁷

Basic Aid Formula

The required SOQ educational programs and services include a variety of subprograms, such as gifted, special, vocational, and remedial education initiatives, as well as Basic Aid payments. Both the Appropriation Act and the Code refer to a **Basic Aid Formula**, which, in effect, is simply a restatement of the computation of the required state and local expenditure for the Standards of Quality. The formula is applied only to calculate costs for the Basic Aid subprogram. Because Basic Aid payments comprise the largest share of SOQ costs--instructional personnel and materials--calculations for this subprogram are based on an established cost, less the sales tax returned to the locality on the basis of school age population, adjusted by the Composite Index. Calculations for the other SOQ subprograms do not reflect the sales tax reduction, but are simply computed on the basis of an established cost and the local composite index. Although calculated separately, the costs of these subprograms, when added together, will equal the total SOQ costs for the locality.⁶⁸

Local Effort to Meet SOQ Costs

The Appropriation Act sets forth a clear mechanism for determining whether a locality has met its required expenditure for the Standards of Quality. The total costs of operation, less all capital outlays, debt service, and revenue refunds will be calculated. From this amount, state and federal categorical aid, the state SOQ share, and the estimated state sales tax revenue to be returned to the locality will be deducted. The remaining amount must be equal to or greater than the required local expenditure. Localities whose expenditure actually exceeds the required amount may not reduce this expenditure unless it has complied with all of the Standards of Quality. Unexpended state and local required shares for the Standards of Quality are returned by the locality to the state general fund. The Secretary of Education may repay 75 percent of these recovered funds to the locality if the locality agrees to use the funds for a special project

⁶⁷ 1993 Acts of Assembly, c. 994, § 1-46, Item 135 (A)(4), (6).

⁶⁸ 1993 Acts of Assembly, c. 994, § 1-46, Item 135.

or as a supplemental appropriation "for the direct benefit of the students." No local funds may be redivided, however, outside the locality in which they were raised.⁶⁹

In the last 10 years, local spending effort has typically exceeded required SOQ expenditures. In 1991-92, all school divisions appropriated funds beyond those required to meet the required local share. Local effort ranged from one percent to 269 percent above the minimum share. A special 1992 survey conducted by the Department of Education indicated that local effort will decrease in 30 percent of the responding school divisions. In nine of these localities, the local reduction was greater than or equal to an expected state funding increase. Of the 70 percent for which local funds were not reduced, 21 divisions experienced a decrease in local per pupil funding due to increased enrollments. Despite these reductions and budgetary demands, the survey indicated that 59 percent of the reporting divisions will exceed the minimum required effort by at least 50 percent in 1992-93.⁷⁰

State aid to localities for Basic Aid payments may be reduced proportionally when the length of the school year is less than 180 days or 990 hours. The Superintendent of Public Instruction, with the approval of the Board of Education, can authorize the reduction in the length of the school year without a proportionate reduction in Basic Aid when special conditions, such as severe weather, energy shortages, or other circumstances have warranted the closing of schools for no more than 10 days if at least five teaching days are made up. The Code of Virginia establishes additional requirements for Basic Aid reductions where school have been closed for more than 10 days.⁷¹

School Finance Reform

Since the late 1960s, legal challenges to state education finance systems across the country have focused on the use of property values to support public schools. Surmising a correlation between funding and educational quality and achievement, litigants sought to remedy the perceived fiscal inequities exacerbated by increasing suburban property values and burgeoning noneducational demands on urban budgets.⁷² Initial forays were based on the Equal Protection Clause of the United States Constitution; complainants contended that property tax-based funding systems

⁶⁹ 1993 Acts of Assembly, c. 994, § 1-46, Item 135 (B)(7), (8); Va. Code § 22.1-100 (1993).

⁷⁰ Virginia Department of Education, *State and Local Spending Effort for Public Education: An Update on Local Effort* (A Presentation to the Senate Finance Committee) at 4-8 (June 24, 1992).

⁷¹ Va. Code § 22.1-98 (1993).

⁷² Note, "To Render Them Safe: The Analysis of State Constitutional Provisions in Public School Finance Reform Litigation," 75 *Va. L. Rev.* 1639 at 1649 (1989) [hereinafter referred to as *Analysis*]; Note, "Unfulfilled Promises: School Finance Remedies and State Courts," 104 *Harv. L. Rev.* 1072 at 1074 (1991) [hereinafter referred to as *Finance Remedies*].

"invidiously discriminated against the poor by making the quality of a child's education a function of the wealth of his parents and neighbors."⁷³ In 1973, the U.S. Supreme Court precluded further actions based on the 14th Amendment, reversing a district court panel invalidation of the Texas funding system in *San Antonio Independent School District v. Rodriguez*. The Court found that because education was not a fundamental right explicitly or implicitly guaranteed by the U.S. Constitution, wealth could not be treated as a "suspect" class warranting strict judicial scrutiny. Applying instead a "rational basis" test, the Court declined to rule that the fiscal disparities apparent in the Texas school finance system were "the product of a system that is so irrational as to be invidiously discriminatory."⁷⁴

Challenges under State Constitutions

Although the federal Constitution proved an inappropriate vehicle for school finance litigation, the 1970s witnessed a "second wave" of cases based on state constitutional provisions. Only 13 days after the *Rodriguez* decision, the New Jersey Supreme Court found that the state's public school finance system, which relied heavily on local taxes, violated state constitutional education mandates. In *Robinson v. Cahill*, the court did not designate education as a fundamental right under the New Jersey Constitution, but ordered reform under the state's education clause, which provided for a "thorough and efficient" system of public schools.⁷⁵ The *Robinson* decision arguably spawned a number of subsequent school finance cases; the last twenty years have witnessed legal challenges to public school finance systems in about half of all states. These cases have been primarily based on state equal protection or education clauses, with mixed results. Between 1973 and 1989, courts in six states found school finance reform necessary, while 15 others upheld the state's school funding system.⁷⁶ Since 1983, at least 35 school finance suits have been filed across the United States. As of October, 1993, the school finance decisions were pending in 11 states; cases remained unsettled in nine others.⁷⁷

⁷³ Howard, supra note 7, at 906; W. Thro, "The Third Wave: The Impact of the Montana, Kentucky, and Texas Decisions on the Future of Public School Finance Reform Litigation," 19 Journal of Law & Education 219 (1990) [hereinafter referred to as Thro].

⁷⁴ Analysis, supra note 72, at 1651, 1653, quoting San Antonio Independent School District v. Rodriguez, 411 U.S. 1 at 55 (1973).

⁷⁵ Id. at 1653-1655, discussion of Robinson v. Cahill, 62 N.J. 473, 303 A.2d 273, *cert. denied*, 414 U.S. 976 (1973).

⁷⁶ Thro, supra note 73, at 221, 222, 229, 231.

⁷⁷ Education Commission of the States, States in Which the School Finance System is Currently Being Challenged (October 1993); T. Whitney, "The School Finance Saga Continues," NCSL Legisbrief (January 1993); American Education Finance Association and Center for the Study of the States, Public School Finance Programs of the United States and Canada 1990-1991 I at 2, 3 (1992).

State education clauses have formed the basis of more recent decisions mandating finance reform. With the exception of Mississippi, all states have some constitutional authority for the establishment of a public school system. These state education clauses generally fall into four categories, with varying degrees of state responsibility for public schools. The most lenient clauses, prevalent in 15 states, simply mandate a system of free public schools, while a second type of education clause, adopted in 19 states, adds a minimum standard of quality, most often a requirement that the school system be "thorough" or "efficient." Eight states strengthen this standard to include a more specific mandate, while seven state constitutions have designated education as the most important duty of the state.⁷⁸

In 1989, state education clauses supported a trio of cases demanding school finance reform in Montana, Kentucky, and Texas. In *Helena Elementary School District Number 1 v. State*, the Montana Supreme Court concluded that the state constitution entitled citizens to "equality in educational opportunity." Having determined that the state's foundation funding program was defective, the court refused to make its decision final until the legislature could address the issue. Subsequently, the Kentucky Supreme Court declared education a fundamental right under its constitution in *Rose v. Council For Better Education*, and found that the entire school system, not just its funding mechanism, failed to meet the constitutional standard of "efficient." As in the *Helena* case, the court granted the legislature the opportunity to rectify the system prior to issuing a final decision. The Texas Supreme Court also focused on the state constitution's mandate that the public system be "efficient" and ordered its legislature to address existing fiscal inequities.⁷⁹ In summer, 1993, the Texas Legislature approved a school finance reform plan that reduces disparity in taxable property values supporting public schools. Capping taxable property values, the plan directs wealthier divisions to transfer excess amounts to poorer districts by (i) writing a check to the state; (ii) merging their tax base or consolidating with a poorer district; (iii) transferring property to the poorer districts' tax roles; or (iv) educating pupils from a poorer district.⁸⁰

Property tax-based school finance systems have been found deficient in 10 states in the last 20 years. Scholars have suggested that these three recent decisions may prompt another "wave" of school finance cases, even in those states where the issue has been previously litigated. Continued emphasis on state constitution education clauses may produce more pro-reform decisions, as the courts would be asked to review the legislature's duty, rather than determine more controversial questions of fundamental

⁷⁸ Thro, supra note 73, at 229, 243-248.

⁷⁹ Id. at 233-238, discussing Helena Elementary School Dist. No. 1 v. State, 769 P.2d 684 (Mont. 1989), amended 784 P.2d 412, (Mont. 1990); Rose v. Council For Better Education, 790 S.W.2d 186 (1989); Edgewood Independent School Dist. v. Kirby, 804 S.W.2d 491 (1991); reh'g of cause overruled, 34 Tex. Sup. Ct. J. 368 (1991); sub nom. Carrollton-Farmers Branch Independent School Dist. v. Edgewood Independent School Dist., 35 Tex. Sup. Ct. J. 374 (1992).

⁸⁰ "Texas Meets Deadline for School Finance Plan," State Legislatures 6 (August 1993).

rights and equality.⁸¹ The trend in the disposition of these cases remains unpredictable, however. Since June, 1993, the supreme courts of Tennessee, New Jersey and Massachusetts have struck down their school finance systems, while the Minnesota high court upheld that state's system. In April, an Alabama circuit court judge found that the state had failed to provide an "equitable and adequate education for all children."⁸²

Finance Reform Issues in the Commonwealth

Maintaining a public school system of high quality--a constitutional mandate--necessarily includes striving to achieve educational quality throughout the Commonwealth. A 1970 commission created to study the formula for state aid to public schools had acknowledged the varying degrees of local fiscal ability and commitment to this goal, and recommended clear constitutional revisions to reinforce this statewide educational ideal.⁸³ In the last 20 years, Virginia's school finance system has been revisited and refined to reflect state and local responsibility as well as the special abilities of each locality.

Despite these efforts, concerns regarding equity in public education were expressed by the 1984 Governor's Commission on Virginia's Future; in 1986, the Governor's Commission on Excellence in Education cited disparity in the quality and scope of educational programs as a major obstacle to educational excellence in the Commonwealth. In 1990, the 21-member Commission on Educational Opportunity for All Virginians was created pursuant to Executive Order No. 4 to advise the Governor and the General Assembly on "how the Commonwealth could further address and overcome differences in educational programs in Virginia's public schools...." Focusing on program, pupil, and fiscal equity, the Commission's report cited divergent student performances and outcomes, varying staffing standards and practices, and legitimate differences in educational funding, created by varying numbers of special needs students, different transportation needs, and labor market costs. The Commission issued 27 recommendations, including revisions to the Standards of Quality clarifying student performance standards and outlining a common core curriculum as well as refinement of the composite index.⁸⁴ The Commonwealth's commitment to addressing equity concerns

⁸¹ Thro, supra note 73, at 239-241; Finance Remedies, supra note 72, at 1072.

⁸² L. Harp, "Momentum for Challenges to Finance Systems Still Seen Strong," Education Week 22 (September 22, 1993); "Tennessee Supreme Court Rules That State Funding System Violates State Constitution," Legal Notes for Education, (October 1993); "From the School Finance Front-A Landmark Ruling? State Legislatures (July 1993).

⁸³ House Document No. 20, supra note 4, at 6.

⁸⁴ Governor's Commission on Educational Opportunity for All Virginians, Summary Report at 1, 2, 4, 7, 11, 17-23 (February 1, 1991).

continued in 1991 with the creation of a special legislative commission to review the recommendations of the Governor's Commission.⁸⁵

In late 1991, the Coalition for Equity in Educational Funding, comprised of 31 school divisions, filed a lawsuit against the Commonwealth, the Secretary of Education, the Superintendent of Public Instruction, and the Board of Education to "enforce provisions of the Virginia Constitution to provide an equitable system of education for all elementary and secondary education students throughout Virginia." To grant the Legislature and the Governor the opportunity to address these issues in the 1992 Session, the Coalition declined to serve the suit and ultimately withdrew its case, citing the "strong commitment" of the legislative commission to address the equity issue.⁸⁶

Governor Wilder presented a six-year Plan to Improve Educational Opportunities for All Virginians to the General Assembly in January, 1992, offering short- and long-term strategies to address "programmatic aspects of the disparity issue." The Plan included the development of a "world class education program" to teach students the skills necessary to compete in the 21st century work force, revision of the composite index to reflect more accurately local ability, increased support for at-risk students, improved student access to computers and distance learning, and incentives to enhance teacher recruitment in geographically isolated areas.⁸⁷

The legislative commission reviewing the recommendations of the Governor's Commission became the 16-member Commission on Equity in Public Education, a legislative agency, in 1992. The Commission will review the recommendations of the Governor's Commission, as well as any resulting reports and plans from the Board of Education and the Governor, and submit its own recommendations to the Governor and the 1993 Session. Slated to expire in July, 1994, the Commission is to make annual reports on other equity issues.⁸⁸

The Coalition refiled its suit in June, 1992, representing 11 public school students and seven local school boards. The Commonwealth requested a demurrer in August, challenging, among other things, whether the Virginia Constitution requires equality in spending for public education. In November, 1992, the Circuit Court of the City of Richmond sustained the Commonwealth's demurrer, stating that "the Virginia Constitution, while establishing education as a fundamental right, does not as written make equalized funding on the part of the Commonwealth a constitutional right."⁸⁹

⁸⁵ Senate Joint Resolution No. 251 (1991).

⁸⁶ Division of Legislative Services, 1992 Session Summary & Review at 52, 53 (1992).

⁸⁷ Governor's Plan to Improve Educational Opportunity for All Virginians (January 8, 1992).

⁸⁸ Va. Code § 9-310 (1993).

⁸⁹ Scott v. Commonwealth, No. HC-77-1 (Cir. Ct. Va. Nov. 20, 1992).

Contending that the current school funding system "has resulted in such substantial disparities in educational opportunities for students throughout the Commonwealth as to violate Article I, § 15, and Article VIII, § 1 of the Virginia Constitution, the Coalition filed for an appeal from the Circuit Court decision in April, 1993. The appeal was awarded on October 12, 1993.⁹⁰

⁹⁰ "High Court Petitioned on School Financing," Richmond Times-Dispatch B-1 (April 3, 1993); Scott v. Commonwealth Petition for Appeal (April 1, 1993); Scott v. Commonwealth (Rec. No. 930473, Circuit Court No. CH92C00577/93H-875) Award and Certificate of Appeal (October 13, 1993).

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**RECEIPTS BY DIVISION
1991-92**

Division	State Sales & Use Tax	From State Funds	From Federal Funds	From City County & Town Funds	District Funds Revenue	Other Funds Revenue	From Loans Bonds & Investments	Total Receipts	Balances At Beginning Of Year	Total Receipts And Balances
Accomack	1,964,356.00	11,680,612.00	2,744,305.00	7,813,195.00	772,162.00	893,014.00	7,308.00	25,874,952.00	452,016.00	26,326,968.00
Albemarle	4,268,817.02	13,731,577.40	1,790,022.30	48,001,338.47	0.00	4,346,057.63	13,592.51	72,151,405.33	25,471,701.67	97,623,107.00
Amelia	758,547.76	3,631,102.29	410,058.03	2,128,859.25	0.00	124,373.06	3,813.36	7,056,753.75	84,664.57	7,141,418.32
Amherst	2,001,217.90	10,627,260.90	1,211,401.27	4,327,385.02	0.00	748,142.54	709,631.21	19,625,038.84	522,500.33	20,147,539.17
Appomattox	981,644.48	5,259,658.39	469,991.14	2,422,092.06	0.00	59,697.71	385,782.92	9,578,866.70	0.00	9,578,866.70
Arlington	7,709,176.68	10,441,763.56	5,401,520.87	108,701,335.79	0.00	6,099,737.37	23,054,800.62	161,408,334.89	13,777,893.91	175,186,228.80
Augusta	3,566,884.40	20,338,762.44	2,272,342.12	16,654,375.75	0.00	2,587,602.03	14,874.89	45,434,841.63	775,017.47	46,209,859.10
Bath	336,968.02	655,304.60	344,942.06	4,680,478.94	54,332.00	158,796.29	0.00	6,230,821.91	457,048.86	6,687,870.77
Bedford	3,324,397.50	14,770,430.28	1,748,081.62	11,486,711.09	0.00	4,538,177.28	1,463,438.44	37,331,236.21	1,950,410.13	39,281,646.34
Bland	455,300.60	3,306,473.58	350,007.71	1,052,417.66	0.00	6,329.72	2,086,546.97	7,257,076.24	0.00	7,257,076.24
Botetourt	1,805,126.34	8,720,443.82	802,500.47	6,901,569.27	0.00	647,868.02	2,155,500.00	21,033,007.92	143,755.07	21,176,762.99
Brunswick	1,202,460.44	6,380,743.32	1,826,824.97	3,260,662.23	0.00	134,521.31	0.00	12,805,212.27	0.00	12,805,212.27
Buchanan	2,961,916.36	14,712,170.92	3,229,440.02	7,791,907.45	0.00	736,936.05	176,485.52	29,608,856.12	2,829,742.05	32,438,598.17
Buckingham	896,465.84	4,859,045.74	1,120,820.25	2,128,172.00	0.00	221,021.21	534,846.51	9,760,371.55	79,840.57	9,840,212.12
Campbell	3,737,932.48	17,693,400.05	2,066,247.95	11,382,171.73	0.00	1,482,579.50	5,774.54	36,368,106.25	264,485.33	36,632,591.58
Caroline	1,422,702.00	7,741,899.00	1,236,173.00	5,035,211.52	0.00	74,026.00	9,051,292.00	24,561,303.52	0.00	24,561,303.52
Carroll	1,821,421.04	11,314,959.94	1,688,921.87	3,969,744.73	0.00	281,015.53	0.00	19,076,063.11	186,336.64	19,262,399.75
Charles City	394,324.14	2,641,652.68	544,691.56	2,510,028.47	0.00	173,745.30	4,027,007.66	10,291,449.81	0.00	10,291,449.81
Charlotte	973,636.80	4,655,651.29	1,211,958.78	2,377,765.75	0.00	344,063.44	0.00	9,563,076.06	505,848.83	10,068,924.89
Chesterfield	19,167,434.66	76,425,984.84	6,976,587.88	104,019,484.14	0.00	8,232,624.25	59,156,323.28	273,978,439.05	9,239,540.78	283,217,979.83
Clarke	804,882.66	2,536,330.87	289,723.65	5,414,629.08	0.00	292,530.19	1,150,000.00	10,488,096.45	307,023.48	10,795,119.93
Craig	329,506.14	1,430,722.71	225,332.79	879,690.08	0.00	8,683.90	0.00	2,873,935.62	0.00	2,873,935.62
Culpeper	1,846,298.62	8,803,902.80	1,309,660.02	12,633,595.97	0.00	592,987.48	2,670,901.71	27,857,346.60	115,073.31	27,972,419.91
Cumberland	861,893.30	2,451,094.96	658,358.21	1,287,825.37	0.00	65,798.34	0.00	5,324,970.18	0.00	5,324,970.18
Dickenson	1,477,689.92	8,621,440.01	1,692,547.64	6,272,541.10	0.00	602,599.63	16,999.35	18,683,817.65	737,952.43	19,421,770.08
Dinwiddie	1,350,274.00	9,057,932.00	1,083,483.00	4,766,261.00	0.00	595,201.00	0.00	16,853,151.00	115,157.00	16,968,308.00
Essex	655,194.28	3,017,469.65	586,524.02	3,044,137.98	0.00	196,282.09	87,000.00	7,586,608.02	0.00	7,586,608.02
Fairfax	59,898,192.28	106,145,930.47	24,706,705.53	690,235,640.68	0.00	50,206,797.44	94,165,565.84	1,025,358,832.24	5,361,982.84	1,030,720,815.08
Fauquier	3,631,074.96	9,169,595.04	2,007,911.71	30,653,505.29	0.00	1,824,231.27	8,000,000.00	55,286,318.27	316,771.55	55,603,089.82
Floyd	850,083.58	4,535,110.95	531,521.48	2,377,218.62	0.00	41,276.42	0.00	8,335,211.05	0.00	8,335,211.05
Fluvanna	884,447.74	4,727,097.26	737,720.33	3,398,685.83	0.00	133,527.47	1,013,299.16	10,894,777.79	0.00	10,894,777.79

**RECEIPTS BY DIVISION
1991-92**

Division	State Sales & Use Tax	From State Funds	From Federal Funds	From City County & Town Funds	District Funds Revenue	Other Funds Revenue	From Loans Bonds & Investments	Total Receipts	Balances At Beginning Of Year	Total Receipts And Balances
Franklin	2,673,890.86	13,000,596.27	1,879,188.18	9,926,593.05	0.00	1,221,833.29	1,740,343.32	30,442,444.97	0.00	30,442,444.97
Frederick	3,427,115.62	15,583,843.72	1,321,784.22	19,596,679.29	0.00	1,784,061.87	13,830,869.03	55,544,353.75	7,227,565.21	62,771,918.96
Giles	1,199,101.24	6,210,121.23	955,932.26	4,179,733.00	0.00	161,752.34	0.00	12,706,640.07	24,527.75	12,731,167.82
Gloucester	2,480,570.48	11,260,656.56	1,278,495.69	11,791,454.00	0.00	1,128,332.07	4,000,000.00	31,939,508.80	0.00	31,939,508.80
Goochland	728,505.24	2,431,023.70	641,474.32	5,370,424.63	0.00	22,187.06	0.00	9,193,614.95	0.00	9,193,614.95
Grayson	1,216,350.62	5,635,656.78	773,798.46	2,127,680.91	0.00	191,547.49	0.00	9,945,034.26	217,568.93	10,162,603.19
Greene	856,335.26	4,874,405.23	525,983.47	3,777,610.00	0.00	89,511.65	2,993,907.98	13,117,753.59	1,361,201.32	14,478,954.91
Greensville	1,148,471.28	6,816,473.82	1,415,367.55	3,950,406.31	0.00	327,446.53	49,876.50	13,708,041.99	5,593.32	13,713,635.31
Halifax	2,331,578.32	12,713,319.40	2,678,088.01	5,347,328.11	0.00	1,020,608.42	11,854.42	24,102,776.68	217,114.82	24,319,891.50
Hanover	4,873,550.44	17,362,002.47	1,874,693.96	31,837,809.81	0.00	2,479,265.99	4,114,444.15	62,541,766.82	3,393,817.16	65,935,583.98
Henrico	14,559,803.04	45,607,410.87	5,933,036.84	104,290,468.61	0.00	6,454,370.84	0.00	176,845,090.20	46,268,797.31	223,113,887.51
Henry	4,204,341.32	19,032,407.80	2,597,173.79	12,446,576.08	0.00	2,545,228.80	1,648.93	40,827,376.72	89,000.00	40,916,376.72
Highland	166,056.92	869,536.57	172,409.75	893,392.97	0.00	66,865.97	0.00	2,168,262.18	0.00	2,168,262.18
Isle Of Wight	1,804,430.22	8,614,493.58	1,521,229.49	10,675,044.00	0.00	506,613.99	16,394.78	23,138,206.06	886,766.22	24,024,972.28
King George	1,036,551.28	5,356,287.37	600,166.56	6,099,805.41	0.00	431,407.91	856,100.84	14,380,319.37	0.00	14,380,319.37
King And Queen	449,539.38	2,079,036.32	523,967.30	1,812,303.69	0.00	133,931.73	2,100,189.85	7,098,968.27	10,261.56	7,109,229.83
King William	583,388.35	3,493,010.72	502,138.75	3,264,859.70	0.00	142,540.60	121,540.57	8,107,478.69	0.00	8,107,478.69
Lancaster	724,544.84	1,976,415.99	567,357.77	4,991,991.73	0.00	248,938.32	2,702,382.04	11,211,630.69	34,974.59	11,246,605.28
Lee	2,426,694.66	12,475,860.57	3,228,059.47	3,638,438.50	0.00	1,680,605.50	59,679.33	23,509,338.03	303,473.81	23,812,811.84
Loudoun	6,235,207.30	11,068,181.81	2,125,680.00	79,944,766.89	0.00	3,096,209.00	126,611.00	102,596,656.00	909,039.00	103,505,695.00
Louisa	1,639,586.28	2,983,991.31	1,160,046.87	12,516,680.00	0.00	609,603.62	0.00	18,909,908.08	0.00	18,909,908.08
Lunenburg	868,746.06	5,357,117.48	1,190,664.24	1,819,135.09	0.00	501,285.16	0.00	9,736,948.03	0.00	9,736,948.03
Madison	840,707.50	3,877,344.31	576,964.89	3,407,451.75	0.00	268,505.14	0.00	8,970,973.59	0.00	8,970,973.59
Mathews	476,771.24	2,263,483.23	335,338.07	2,632,378.49	0.00	13,669.60	0.00	5,721,640.63	0.00	5,721,640.63
Mecklenburg	2,321,927.98	11,212,283.21	2,124,190.28	5,171,279.00	0.00	530,692.12	0.00	21,360,372.59	178,392.00	21,538,764.59
Middlesex	483,341.92	1,772,135.61	631,347.38	3,016,747.06	0.00	182,395.05	0.00	6,085,967.02	0.00	6,085,967.02
Montgomery	4,098,077.42	16,066,948.44	1,769,150.41	18,257,081.00	0.00	1,615,887.90	2,500,000.00	44,307,145.17	2,510,275.83	46,817,421.00
Nelson	916,847.52	3,785,913.12	893,060.33	4,720,080.63	0.00	45,547.25	63.20	10,361,512.05	0.00	10,361,512.05
New Kent	906,909.70	3,918,084.24	424,390.25	4,669,609.00	0.00	65,516.21	0.00	9,984,509.40	0.00	9,984,509.40
Northampton	1,025,658.86	5,745,013.47	1,336,814.56	3,533,264.56	0.00	105,735.37	385,692.21	12,132,179.03	0.00	12,132,179.03
Northumberland	606,868.82	2,061,596.69	447,092.92	3,579,915.70	0.00	21,099.75	0.00	6,716,573.88	0.00	6,716,573.88
Nottoway	1,092,923.90	5,531,682.39	1,566,101.55	2,423,005.64	0.00	99,214.85	0.00	10,712,928.33	130,485.59	10,843,413.92
Orange	1,407,229.46	6,711,986.06	1,467,445.58	8,914,172.20	0.00	473,853.20	62,796.50	19,037,483.00	728,923.72	19,766,406.72
Page	1,466,544.78	7,610,959.63	1,048,062.89	4,349,883.67	0.00	524,531.81	4,837,284.94	19,837,267.72	0.00	19,837,267.72

**RECEIPTS BY DIVISION
1991-92**

Division	State Sales & Use Tax	From State Funds	From Federal Funds	From City County & Town Funds	District Funds Revenue	Other Funds Revenue	From Loans Bonds & Investments	Total Receipts	Balances At Beginning Of Year	Total Receipts And Balances
Patrick	1,241,908.12	6,170,297.45	904,553.17	3,246,834.96	0.00	604,889.81	0.00	12,168,483.51	0.00	12,168,483.51
Pittsylvania	4,852,448.26	21,100,961.67	3,729,736.11	8,537,125.57	0.00	1,206,478.07	2,129,418.69	41,556,168.37	0.00	41,556,168.37
Powhatan	977,657.86	4,646,133.52	659,373.30	4,695,949.41	0.00	327,090.70	2,522.89	11,308,727.68	161,761.70	11,470,489.38
Prince Edward	1,125,102.18	5,448,137.69	1,376,330.71	2,899,302.19	0.00	265,365.86	2,551,248.57	13,665,487.20	0.00	13,665,487.20
Prince George	2,078,193.86	12,163,948.64	3,193,796.63	5,911,867.76	0.00	1,172,242.03	0.00	24,520,048.92	0.00	24,520,048.92
Prince William	19,210,246.62	75,189,821.25	7,309,034.93	139,944,352.63	0.00	12,139,909.80	6,681,519.10	260,474,884.33	30,017,400.26	290,492,284.59
Pulaski	2,664,448.98	12,205,035.53	1,506,974.90	6,754,866.38	0.00	1,026,997.56	9,604.43	24,167,927.78	249,975.25	24,417,903.03
Rappahannock	449,051.58	1,346,919.85	401,976.14	2,409,421.19	0.00	238,649.10	4,850.41	4,850,868.27	0.00	4,850,868.27
Richmond	496,538.58	2,458,432.71	411,122.74	2,122,124.45	0.00	11,376.77	1,047.03	5,500,642.28	21,125.83	5,521,768.11
Roanoke	5,912,002.32	23,582,116.67	2,397,858.45	34,523,153.00	0.00	3,095,521.88	40,787.28	69,551,439.60	1,692,616.48	71,244,056.08
Rockbridge	1,151,669.68	6,317,339.08	1,090,028.18	5,017,144.88	0.00	528,241.00	6,030,995.30	20,135,418.12	7,655.44	20,143,073.56
Rockingham	4,180,118.12	19,216,982.16	2,007,313.52	19,502,095.13	0.00	2,649,505.09	0.00	47,556,014.02	0.00	47,556,014.02
Russell	2,334,700.02	12,434,508.40	1,642,200.30	4,854,157.00	0.00	1,160,379.41	448,209.26	22,874,154.39	162,395.71	23,036,550.10
Scott	1,736,635.14	11,487,260.66	1,897,190.52	3,643,091.51	0.00	568,105.03	0.00	19,332,282.86	0.00	19,332,282.86
Shenandoah	2,143,668.62	8,997,298.44	1,105,086.52	10,875,204.18	0.00	1,245,572.25	7,634,804.01	32,001,634.02	36,401.09	32,038,035.11
Smyth	2,468,998.02	13,183,786.50	2,182,526.71	4,521,074.09	0.00	281,577.78	0.00	22,637,963.10	2,830.91	22,640,794.01
Southampton	1,366,444.84	5,445,719.61	1,518,575.83	4,190,957.99	0.00	316,656.00	3,317,609.00	16,155,963.27	6,547,470.00	22,703,433.27
Spotsylvania	4,701,690.68	22,895,760.87	1,787,473.06	28,528,088.46	0.00	547,595.78	14,717,164.35	73,177,773.20	0.00	73,177,773.20
Stafford	5,271,365.46	24,702,192.25	2,780,348.17	35,004,387.41	0.00	3,174,340.13	14,951,312.26	85,883,945.68	1,891,946.55	87,775,892.23
Surry	396,212.00	956,751.40	530,985.00	6,251,313.47	0.00	0.00	0.00	8,135,261.87	0.00	8,135,261.87
Sussex	822,058.04	3,038,770.35	947,633.37	2,434,547.85	0.00	165,585.91	2,215.35	7,410,810.87	34,940.90	7,445,751.77
Tazewell	3,835,946.34	20,099,869.55	2,727,493.06	9,314,249.00	0.00	1,444,087.36	812,205.03	38,233,850.34	635,424.63	38,869,274.97
Warren	1,845,301.86	8,084,220.64	964,430.92	6,487,727.24	0.00	971,562.35	1,158,332.49	19,511,575.50	80,204.16	19,591,779.66
Washington	3,917,104.14	16,139,435.05	2,570,140.13	10,198,014.51	0.00	677,030.84	1,170,015.00	34,671,739.67	239,345.53	34,911,085.20
Westmoreland	734,672.00	3,791,596.20	1,006,953.38	3,625,279.78	0.00	129,351.26	834.79	9,288,687.41	132,399.85	9,421,087.26
Wise	3,547,274.72	20,603,593.66	3,906,917.11	10,197,152.75	0.00	1,053,354.42	816,582.00	40,124,874.66	2,983,599.32	43,108,473.98
Wythe	1,916,055.06	10,402,583.04	1,474,062.60	4,629,268.48	0.00	657,630.70	1,175,030.21	20,254,630.09	0.00	20,254,630.09
York	3,861,941.72	17,729,864.75	7,200,837.93	14,475,320.00	0.00	1,508,030.97	129,945.60	44,905,940.97	2,664,418.00	47,570,358.97
Alleghany	1,310,364.86	7,239,670.59	1,070,292.57	5,534,360.25	0.00	556,260.06	11,775.06	15,722,723.39	0.00	15,722,723.39
Highlands										
Alexandria	4,384,409.52	7,832,506.04	4,575,635.80	64,268,803.82	0.00	2,332,548.44	0.00	83,393,903.62	0.00	83,393,903.62
Bristol	1,069,802.68	5,812,828.97	1,703,625.79	5,264,620.33	0.00	531,582.18	0.00	14,382,459.95	281,404.80	14,663,864.75
Buena Vista	475,447.62	2,805,066.17	349,598.29	1,510,750.47	0.00	95,805.87	0.00	5,236,668.42	0.00	5,236,668.42
Charlottesville	2,148,156.46	7,672,151.63	1,686,786.31	19,553,033.61	0.00	1,931,044.59	0.00	32,991,172.60	0.00	32,991,172.60

**RECEIPTS BY DIVISION
1991-92**

Division	State Sales & Use Tax	From State Funds	From Federal Funds	From City County & Town Funds	District Funds Revenue	Other Funds Revenue	From Loans Bonds & Investments	Total Receipts	Balances At Beginning Of Year	Total Receipts And Balances
Colonial Heights	1,132,962.10	4,829,250.99	588,597.65	8,480,948.55	0.00	750,840.46	27,671.55	15,810,271.30	294,323.39	16,104,594.69
Covington	459,930.62	2,185,725.33	390,833.20	2,673,631.00	0.00	26,545.16	0.00	5,736,665.31	0.00	5,736,665.31
Danville	4,162,259.54	16,869,892.61	3,180,266.66	14,738,152.98	0.00	352,938.76	2,626,471.29	41,929,981.84	0.00	41,929,981.84
Falls Church	518,112.12	957,526.36	186,060.56	10,057,925.48	0.00	786,918.26	1,434,529.44	13,941,072.22	1,776,707.76	15,717,779.98
Fredericksburg	930,766.54	2,594,307.87	586,330.70	7,406,246.00	0.00	454,926.89	0.00	11,972,578.00	43,950.00	12,016,528.00
Galax	376,415.70	2,322,521.15	474,548.77	2,031,691.00	0.00	27,640.41	13,032.06	5,245,849.09	154,865.70	5,400,714.79
Hampton	10,408,648.62	40,719,260.61	8,220,246.25	40,321,544.13	0.00	4,352,262.67	188,367.05	104,210,329.33	4,518,815.47	108,729,144.80
Harrisonburg	1,283,700.02	3,790,497.22	827,416.48	11,748,208.74	0.00	902,242.47	8,000,000.00	26,552,064.93	624,201.71	27,176,266.64
Hopewell	1,475,649.00	9,140,008.00	1,775,321.00	11,888,894.00	0.00	656,630.00	92,113.00	25,028,615.00	15,804.29	25,044,419.29
Lynchburg	3,910,177.40	17,831,762.91	3,132,492.60	22,218,528.60	0.00	1,199,648.64	0.00	48,292,610.15	683,158.97	48,975,769.12
Martinsville	1,154,192.78	5,342,038.21	1,083,210.77	5,923,156.65	0.00	466,583.51	25,599.64	13,994,781.56	0.00	13,994,781.56
Newport News	13,454,684.06	58,740,923.54	12,686,804.51	57,831,687.45	0.00	3,630,351.00	1,231,846.42	147,576,296.98	992,388.98	148,568,685.96
Norfolk	16,910,407.50	71,759,115.65	24,551,030.34	81,431,132.11	0.00	3,543,302.78	243,400.54	198,438,388.92	0.00	198,438,388.92
Norton	432,242.60	2,004,365.22	368,048.46	1,195,661.58	0.00	12,418.37	0.00	4,012,736.23	0.00	4,012,736.23
Petersburg	2,568,696.86	12,966,666.77	3,908,899.21	9,524,768.40	0.00	925,330.96	24,636.28	29,918,998.48	0.00	29,918,998.48
Portsmouth	7,631,830.50	42,608,604.74	9,050,631.61	31,693,750.66	0.00	2,136,070.25	3,774,758.28	96,895,646.04	2,024,754.01	98,920,400.05
Radford	651,405.50	3,248,901.60	353,440.45	3,116,946.46	0.00	239,080.96	35,709.77	7,645,484.74	30,370.37	7,675,855.11
Richmond City	13,096,871.52	42,510,332.32	16,238,078.25	117,847,046.25	618.21	5,585,670.86	4,058,275.29	199,336,892.70	12,857,817.29	212,194,709.99
Roanoke City	6,888,222.64	22,970,131.69	8,486,377.30	32,634,472.46	0.00	2,322,831.21	4,636,323.00	77,938,358.30	0.00	77,938,358.30
Staunton	1,353,540.88	6,345,387.06	792,984.83	6,227,792.59	0.00	237,757.17	21,712.85	14,979,175.38	0.00	14,979,175.38
Suffolk	4,482,136.40	18,015,061.91	3,913,577.97	12,687,162.67	4,957,305.58	1,245,264.65	0.00	45,300,509.18	617,993.36	45,918,502.54
Virginia Beach	32,836,218.80	115,511,623.41	20,921,295.37	149,013,867.43	0.00	2,112,859.21	20,487,720.66	340,883,584.88	14,158,319.82	355,041,904.70
Waynesboro	1,201,382.06	4,326,989.78	616,433.90	6,376,945.37	0.00	486,702.46	520.09	13,008,973.66	245,759.57	13,254,733.23
Williamsburg	2,783,662.26	8,464,447.29	1,200,180.98	33,465,346.68	0.00	1,003,994.18	39,606.63	46,957,238.02	0.00	46,957,238.02
Winchester	1,316,845.86	4,377,991.11	1,264,378.94	13,699,031.12	0.00	841,175.04	184,778.05	21,684,200.12	1,083,563.51	22,767,763.63
South Boston	506,658.28	2,772,669.89	284,694.78	1,462,750.70	0.00	30,953.52	0.00	5,057,727.17	0.00	5,057,727.17
Fairfax City	1,128,527.26	1,551,769.00	7,528.00	13,879,370.74	0.00	0.00	0.00	16,567,195.00	0.00	16,567,195.00
Franklin City	563,278.86	4,207,007.70	867,957.75	3,219,890.66	0.00	335,979.71	404,599.01	9,598,713.69	67,949.98	9,666,663.67
Chesapeake	12,824,303.62	57,168,811.22	7,687,698.75	66,389,104.71	0.00	4,774,777.06	5,801,154.62	154,645,849.98	16,393,808.00	171,039,657.98
Lexington	260,039.54	1,337,509.71	178,524.21	1,284,856.53	0.00	66,278.82	0.00	3,127,208.81	0.00	3,127,208.81
Salem	1,395,164.00	6,036,794.00	666,265.00	9,842,658.00	0.00	706,217.00	0.00	18,647,098.00	1,107,944.00	19,755,042.00
Bedford	377,581.16	1,764,197.00	0.00	0.00	0.00	0.00	0.00	2,141,778.16	0.00	2,141,778.16
Poquoson	992,352.14	4,511,082.21	356,830.00	3,633,970.45	0.00	179,190.89	0.00	9,673,425.69	0.00	9,673,425.69
Manassas	2,016,374.06	6,034,276.42	679,283.60	21,866,625.40	0.00	1,100,911.60	171,456.80	31,868,927.88	0.00	31,868,927.88

**RECEIPTS BY DIVISION
1991-92**

Division	State Sales & Use Tax	From State Funds	From Federal Funds	From City County & Town Funds	District Funds Revenue	Other Funds Revenue	From Loans Bonds & Investments	Total Receipts	Balances At Beginning Of Year	Total Receipts And Balances
Manassas Park	588,208.78	3,668,407.70	329,440.41	2,229,028.68	0.00	227,440.31	0.00	7,042,525.88	0.00	7,042,525.88
Colonial Beach	196,055.16	1,494,044.07	133,465.26	920,904.25	0.00	60,763.47	0.00	2,805,232.21	0.00	2,805,232.21
West Point	240,407.29	1,533,104.79	70,440.65	1,798,739.00	0.00	231,320.14	0.00	3,874,011.87	0.00	3,874,011.87
State Total	450,755,984.04	1,729,159,371.78	322,039,530.63	2,834,270,765.03	5,784,417.79	199,869,227.72	367,784,774.31	5,909,664,071.30	233,728,353.55	6,143,392,424.85
Percent	7.63%	29.26%	5.45%	48.06%	3.38%	6.22%	100%			

Source: Virginia Department of Education, *Superintendent's Annual Report for Virginia 1991-92* at 35 - 38 (Table 12) (1993).